
The original instrument was prepared by Angela Lockett De Jean. The following digest, which does not constitute a part of the legislative instrument, was prepared by Danielle Doiron.

DIGEST

Broome (SB 221)

Proposed law creates the State Housing Tax Credit Program ("SHTCP") for the purposes of stimulating creative private sector initiatives to increase the supply of affordable housing in urban and rural areas to provide associated commercial facilities associated with such housing facilities.

Proposed law grants an income tax credit for these projects that the LHFA determines are qualified projects, being those projects receiving reservations and/or allocations of federal low income housing tax credits, including prior approval of federal low income housing tax credits for Gulf Opportunity Zone Act of 2005 and calendar year 2007-2008.

Proposed law provides that those qualified projects in proposed law shall be considered designated projects under proposed law and eligible for the housing tax credit. The LHFA shall establish procedures necessary for proper allocation and distribution of state housing tax credits, including the establishment of criteria for any single-family or commercial component of a project, and may exercise all powers necessary to administer the allocation of such credits.

Proposed law provides that the board of directors of the LHFA shall administer the allocation procedures and determine allocations on behalf of the agency. The agency shall charge fees upon application for state housing tax credits.

Proposed law requires the LHFA to prepare an annual plan, which must be approved by the governor, Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means, containing general guidelines for the allocation and distribution of credits to designated projects.

Proposed law requires the LHFA to adopt allocation procedures that will ensure the maximum use of available tax credits in order to encourage development of low-income housing and associated mixed-use projects in urban areas, taking into consideration the timeliness of the application, the location of the proposed project, the relative need in the area of revitalization and low-income housing and the availability of such housing, the economic feasibility of the project, and the ability of the applicant to proceed to completion of the project in the calendar year for which the credit is sought.

Proposed law provides that a taxpayer who wishes to participate in the SHTCP must submit an application for tax credit to the LHFA. The application shall identify the project and its location and include evidence that the project is a qualified project as defined in proposed law.

Proposed law provides that the LHFA may request any information from an applicant necessary to enable it to make tax credit allocations according to the guidelines set forth in proposed law.

Proposed law provides that the LHFA approval of an applicant as a designated project must be in writing and must include a statement of the maximum credit allowable to the applicant. A copy of this approval shall be transmitted to the executive director of the Department of Revenue, who shall apply the tax credit to the tax liability of the applicant.

Proposed law provides that for purposes of implementing the SHTCP and assessing the property for ad valorem taxation under proposed law, neither the tax credits nor financing generated by tax credits shall be considered as income to the property, and the actual rental income from rent-restricted units in a state housing tax credit development shall be recognized by the property appraiser.

Proposed law provides that in considering or using the market or cost approaches under proposed law, neither the costs paid for by tax credits nor the costs paid for by additional financing proceeds received because the property is participating in the program shall be included in the valuation.

Proposed law provides that for the further purpose of implementing this program in Louisiana and in assessing the property for ad valorem taxation under proposed law, any extended low income housing agreement and all amendments and supplements thereto which are recorded and filed in the official public records of the parish where the property is located shall be deemed a land use regulation during the term of any such agreement, amendment, or supplement.

Proposed law provides that the LHFA is authorized to expend fees received in conjunction with the allocation of state housing tax credits only for the purpose of administration of the program, including private legal services which relate to interpretation of Section 42 of the IRC.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:2323(C), adds R.S. 47:2323(D) and 6035)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Authorizes the LHFA to charge fees upon application for state housing tax credits.
2. Adds that the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means shall approve the annual plan of the LHFA.